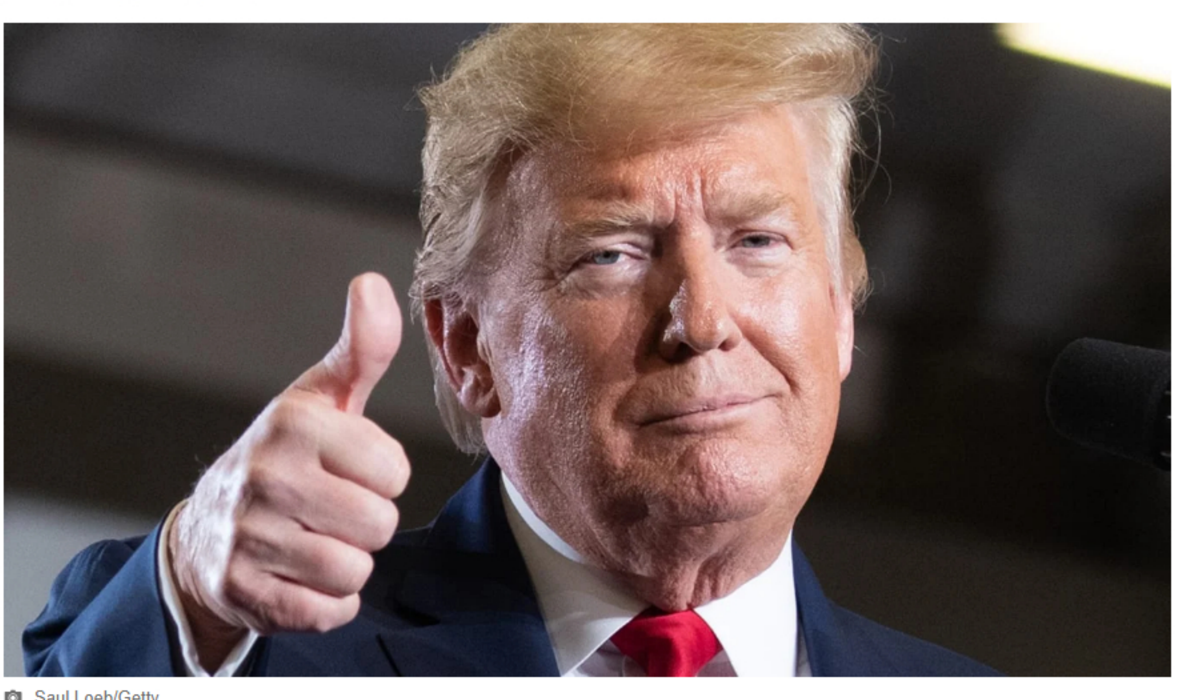
Trump's Small Biz Rescue Bailed Out Kushner's Family, Obama's Aides and Other Political Elite

SWAMPPPY

The PPP program was designed to help small businesses. And it has. But some of the most connected figures in politics also cashed in.

Lachlan Markay, Sam Brodey, William Bredderman, Jackie Kucinich

Updated Jul. 06, 2020 6:42PM ET / Published Jul. 06, 2020 3:21PM ET



Saul Loeb/Getty

When the Trump administration began implementing a trillion-dollar program to bail out struggling employers amid the COVID-19 pandemic, a central concern was that the president would use the program to benefit his friends and allies.

It turns out that Trump's pals weren't the ones catching the windfall so much as Washington, D.C.'s well-off and well-connected in general. Among the entities cashing six to seven-figure checks from the federal government's Paycheck Protection Program in recent months were a fiscal responsibility advocacy organization run by anti-tax crusader Grover Norquist, a high-powered consulting firm run by former Secretary of State Madeleine Albright, the nonprofit headed by former Trump campaign official David Bossie, and a political strategy firm linked to two alumni of the Obama White House who've turned anti-Trump podcasting into a lucrative enterprise.

Businesses tied to the president's son-in-law as well as members of Congress got taxpayer funds. As did the elite D.C.-area schools where both President Donald Trump and President Barack Obama enrolled their children: St. Andrew's Episcopal School, where Barron Trump is a student, got between $2 million and $5 million; and Sidwell Friends School, where both Obama children graduated high school, got between $5 million and $10 million.

On Monday, the Treasury Department finally released the name of everyone who received a loan greater than $150,000 through the PPP. The disclosure does not cover loans below that amount, nor does it specify the exact amount that each organization received. In the months before Monday's loan disclosure, certain companies and entities—sensing the possibility of negative publicity—announced their receipt of loans and, more often than not, that they were returning them. The media company Axios, for example, proactively announced it had applied for and received a PPP loan, and then said it was returning those funds after taking criticism.

Other outlets had no such compunctions. Records show $350,000 to $1 million went to Observer Holdings LLC, the parent entity of Observer Media—the publishing company formerly owned by White House Senior Adviser Jared Kushner. Kushner resigned from the news organization before decamping to Washington, D.C. in 2017, but it has remained in the family: Joseph Meyer, wedded to Kushner's sister, Nicole, lists it among the holdings of his Observer Capital investment firm. The federal assistance preserved 41 jobs, according to the SBA.

Bolton: Kushner Was Most Important Person in the White House
UH OH, IVANKA
Erin Banco

The Observer was not the only Kushner family business to take advantage of the PPP program. Two of the family's New Jersey hotels also cashed in. The SBA materials show that $1 million to $2 million in assistance went to Princeton Forrestal LLC—revealed in Security and Exchange Commission records to be 40 percent owned by the former developer's mother, brother, and sister. Esplanade Livingston LLC, which owns the land on which the company's Westminster Hotel sits, received another $350,000 to $1 million. Mortgage documents filed in Essex County, New Jersey show that Esplanade Livingston LLC is controlled by C.K. Livingston LLC, a company that bears the initials of Jared Kushner's father Charles—and which the former disclosed in 2017 as a source of personal income from the hotel.

Kushner Companies at once acknowledged and defended its receipt of PPP aid.

"Several of our hotels have applied for federal loans, in accordance with all guidelines, with a vast majority of funds going to furloughed employees," asserted Chief Operating Officer Peter Febo.

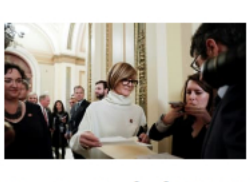
Meanwhile, the conservative online media outlet founded by Trump confidante and Fox News host Tucker Carlson, the Daily Caller, received as much as $1 million. Carlson sold his stake in the company on June 10. And Newsmax, the conservative TV network and website owned by another presidential confidante, Christopher Ruddy, got a loan worth $2 million to $5 million.

Collectively, the massive data dump makes clear that while smaller businesses around the country may have struggled to navigate the process of obtaining the federal government loans, little such difficulty was found among those in and around the nation's capital.

At a certain level that's to be expected; Washington is a company town, whose currency may be cash but also connections. To the extent that businesses in the city sought assistance through the program, they were likely to include advocacy groups, lobbying and public affairs shops, and even nonprofits affiliated with lawmakers themselves.

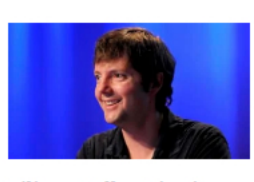
But unlike other regions of the country, businesses in Washington are in a unique position to affect and extract money from programs designed to benefit American business generally since they're staffed with people close to those in power.

RELATED IN POLITICS



Dem Rep Pushed COVID Loans for Casinos—Her Husband Got Two

Steve Bannon's COVID Podcast Is Being Distributed by a Crook

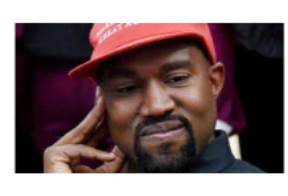


Silicon Valley Bigwig Sent a Million Dollars to Dem Groups

Albright Stonebridge Group, the Albright firm that declares itself "the premier global strategy and commercial diplomacy firm," took a loan totaling between $2 million and $5 million. Rokk Solutions—a public affairs firm that boasts of its roster of Fortune 100, foreign government, and trade association clients—got between $150,000 and $350,000 in PPP funds. Precision Strategies, a firm founded by prominent Obama campaign alumni, got between $1 million and $2 million, though the firm said it paid back the loan in full last month. Fenway Strategies, a firm founded by Obama administration alums Jon Favreau and Tommy Vietor, got between $150,000 and $350,000 (Vietor and Favreau are both on leave from the firm while they run their new podcasting and media venture, Crooked Media).

Wiley Rein, the D.C. law firm and lobbying shop that represented clients such as AT&T, Fox Corporation, Verizon, and steel giant Nucor before the federal government last year, received a loan between $5 million and $10 million.

Kanye West's Company Gets Multimillion-Dollar PPP Loan
GOLDDIGGER
Rachel Olding



It's difficult to gauge the financial health of many of those firms. For some PPP beneficiaries, though, public records show significant income from political or politics-adjacent businesses prior to their securing federal assistance. Republican political consultancy FP1 Strategies, for instance, has reported receiving more than $7 million since last year from federal political committees alone. FP1 got a PPP loan worth between $1 million and $2 million. America Rising Corporation, a Republican opposition research firm, has received more than $3.5 million from federal political committees since last year. That firm got a loan worth between $350,000 and $1 million.

Some other notable campaign vendors on both sides of the political aisle also managed to secure PPP loans. Jamestown Associates, a Republican ad-buying firm that works for the Trump campaign, among other notable clients, received between $350,000 and $1 million. TMA Direct, a Republican fundraising firm run by the co-chair of the Trump Victory Finance Committee, got between $150,000 and $350,000. Sage Media Planning and Placement, a media-buyer that works with Democratic campaigns, got a loan in the same dollar range.

The PPP was launched as a lifeline for small businesses burdened by the economic shutdown caused by the COVID pandemic. And, to a degree, economists say it has worked: keeping those businesses afloat as consumer spending and other revenue streams cratered. The program, however, had a shaky launch, with many business owners saying they found the application process cumbersome.

So the application was bothersome, awkward or too hard.

criticism for throwing proverbial lifelines to major companies (often hotels, restaurants, and casinos) that used their individual branches to meet the standards for qualifying for loans.

With $130 billion set aside for the program left unspent—and the deadline to apply extended to August 8—the program no longer endures as much criticism for prioritizing big fish over smaller ones. But its recipient list is still likely to raise eyebrows, especially for its inclusion of conservative organizations that have long argued against government intervention in the private sector.

A wing of Norquist's Americans for Tax Reform, for example, received a loan worth somewhere between $150,000 and $350,000. Norquist, a figure famous in the Beltway for getting GOP lawmakers to routinely promise not to raise taxes, has decried the fiscal scale of the government's coronavirus response efforts. He signed onto a recent letter to Trump and Senate Majority Leader Mitch McConnell (R-KY) urging them to "stop the spending."

"The inside-the-beltway crowd falsely calls these trillions of dollars a 'stimulus' to the economy," the letter read. "But government can only give money to some people, as Nobel-prize winning economist Milton Friedman taught all of us many years ago, by taking money from others."

A statement from Americans for Tax Reform claimed that its foundation is a "legally and financially separate" organization. "It applied for and received a loan and has as a consequence been able to maintain its employees without laying anyone off. ATRF does not engage in lobbying," the statement said, while noting that ATR "never opposed" enactment of the PPP.

Some entities connected to Congress, which authored and passed the PPP program, also benefited from it—including, seemingly, lawmakers themselves. Businesses owned by Rep. Markwayne Mullin (R-OK) received up to $800,000 in loans, per the new disclosure, and four other members of Congress had already reportedly got PPP loans through their business ventures. Rep. Devin Nunes (R-CA), in his most recent financial disclosure filing, reported owning between $50,000 and $100,000 in equity in a California winery, Phase 2 Cellars. That winery received a PPP loan worth between $1 million and $2 million.

And enterprises associated with family members of two candidates in one of the country's top-tier Senate races also stood to benefit from PPP funds. The law firm of Maine Democratic candidate Sara Gideon's husband got PPP funds, while a business owned by the brothers of Sen. Susan Collins (R-ME), an architect of the program, was approved for PPP relief, though they later returned the funds. In recent months, Gideon has criticized Collins' imprint on the small business rescue initiative, saying "special interests" were privileged over small businesses to receive federal cash.

Several of the nonprofits associated with certain congressional caucuses, like the Congressional Black and Hispanic Caucuses, received PPP loans, as did the foundation linked to the influential Congressional Sportsmen's Caucus.

The Claremont Institute, a California think tank, got between $350,000 and $1 million, records show. The group has seeded some senior talent into the Trump administration—including Michael Pack, the newly installed head of the federal government's broadcasting agency, and Michael Anton, a former spokesman for Trump's National Security Council—and arguably has done more than any other group to build a philosophical case for Trump's brand of conservatism.

Update: This article initially reported that the firm Beacon Global Strategies had received a PPP loan. The firm subsequently told The Daily Beast that SBA data released on Monday was erroneous, and that the firm had withdrawn its application before receiving a loan.